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"Man and Automation"

"As things—both economic and political—become every day, in every way, bigger and bigger, the outlook for the individual becomes dimmer and dimmer. As institutional frameworks grow huger and more impersonal, the damage done to the individual psyche is very great." Thus write Kermit Eby and June Greenlief in *Religion in Life,* Nashville, Tenn., Spring, 1958, in an article, "Man and Automation."

"The theme of man being devoured by the machine which he has created is a common one. . . . E. M. Forster in *The Machine Stops* envisions a world wherein men become as smooth and heartless as The Machine which governs them and provides them with a religion (The Book of the Machine). . . . George Orwell in *1984* foresaw an equally horrible human condition, but with fewer fantasy elements about it. The famous world of H. G. Wells looked upon the machine with ambivalence: the dynamo could either save men from endless drudgery or destroy the world altogether, depending upon which way it was used. . . ."

Now comes the Second Industrial Revolution, "and automation becomes an accomplished fact." But also a "terrible paradox presses deep upon us." "The paradox arises in the fact that although—beginning with Renaissance man—the individual has been more technically free to explore the universe, his institutions, like his technology, have risen up bigger than life, as if to smother him."

The United States, with about 6 per cent of the world's population, is producing about 50 per cent of the world's industrial output. A search is on for "a just system of distribution, and on a planetary scale." In various circles, including management, is expressed the view: build more expressways, raise wages, cut hours, look into unemployment insurance "for maintenance of the millions unemployed." But, say the authors, "the capitalist economy, mixed, democratic, or otherwise, has not changed the distributive system much since the Phoenician traders set out to sell their goods for the best prices along the Mediterranean Sea."

"The First Industrial Revolution, now fading into the Second, has not at any time made the poor richer or the rich poorer. . . . The distribution of income in the United States is essentially the same as it was in 1910. . . ." Further, upper income groups own control of publicly held corporation stocks.

"Automatic factories, electronic office devices, and the building of atomic power plants will not, in the foreseeable future, decentralize this already heavily concentrated source of power. The trend in the United States has been toward bigger government, bigger business, bigger unionism; automation will increase the possibilities of that trend."

"Widespread automation can, then, easily destroy competition, and competition is one of the keystone concepts of the capitalist. . . . But the era of economic individualism, of the bold Faustian entrepreneur, is evidently over." "The conquest of the moon may be near; the conquest of man's inner misery is evidently not near." Yet all great religious movements have been built upon the control of rage and pain for a larger purpose; all great religious movements have implied . . . that the change of heart, the leap of faith, can happen." "Experience tells us that it does happen—but to individuals. Masses of men may take up, at any given time, enthusiasm for some cause; only individuals are able to cast out fear through love."

"Christianity . . . has certainly succeeded in making the ideal *real,* like a thorn always pressing against the heart, for millions of its followers." Protestantism has always emphasized "the built-in conscience, which causes great guilt and discomfort whether or not anyone is looking."

"Thus, speaking from the historical position of Protestantism and despite all evidence to the contrary . . . , we would insist on holding the lonely idealism of our belief that men can be better than they are. When applied specifically to automation, this means that this gift of Faustian technologists need not be used in the old way, to further the greed and stupidity of the few."

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What Is New About Automation?

Automation is not new. What is new about automation is a new way of thinking about production processes, including the possibility of envisaging a large and complex yet fully automatic factory in which a computer integrates and controls the separate automatic production lines. And

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automation poses a number of important social problems. These are among statements made by David A. Morse, director general of the International Labor Organization, a specialized agency of the United Nations, in a report, *Automation and Other Technological Developments* (1957. $1.00). The report may be ordered from the Washington Branch—ILO, 917 Fifteenth St., N.W., Washington 5, D. C.

Automation is only one form of technological change, and it should be held in perspective as one of many developments that are altering the nature and structure of industry and commerce. "Ever since the Second World War—which itself gave a great impetus to technological innovation—new machinery, new methods, new products, and new processes have been making their way into the world's economy." Automation is sometimes viewed with a "fear that we have created an uncontrollable force imperilling our society, and even that we are in danger of being destroyed by our own creations." There is also informed opinion to the effect that automation is quickening the rate of change in industry.

Perhaps most significant of all the novel features of automation is that it makes possible the performance of many processes and the production of many goods and services which were not feasible in the past. For example, "atomic energy research could never have reached its present stage without automatic devices and controls. The huge oil refineries, chemical plants, and steel works of today could not be operated without automatic controls. Compounds of ingredients formerly too toxic to be handled safely can now be used. Many new products have come on the market as a result of precision work made possible by automation. With advanced computer technology it is possible to assemble and analyze information that was once prohibitively expensive to collect. Too often this novel aspect of automation is overlooked. Yet it is certainly the distinctive contribution of the new technology."

Some Examples:

Fourteen glass-blowing machines, each operated by one worker, now produce 90 per cent of the glass light bulbs used in the United States and all the glass tubes used in radio and television sets (except picture tubes).

A food products company in the United States has developed a machine which assembles in about one minute the same number of parts that it previously took one worker one full day to assemble.

In the United States automobile industry, there are practically no non-automated plants for producing engines.

In the Soviet Union, an automatic plant makes aluminum pistons for heavy truck engines. No human hands intervene throughout the process, and even waste metal is removed from machines automatically.

The "continuous flow" industries include atomic processing, oil refining and piping, chemicals, plastics, paint, beverages, rubber, flour milling, cement, electric power, sheet metal and steel castings, and tanning. The modern oil refinery is almost completely automatic: the few workers in the plant watch instruments.

In the more highly industrialized countries, including the Soviet Union and the United States, "almost every major area of the economy has been touched by some form of automation or closely related technological developments."

Nuclear Energy

"In 1956 two nuclear energy industrial plants went into operation in France and the United Kingdom." Since 1954 a nuclear energy plant has supplied power to industry and agriculture in the Soviet Union. "In 1955 a town in the United States was for a short period fully supplied with electricity from" a nuclear energy plant. All these countries were planning construction of new and large commercial power plants. By the fall of 1956 there were 77 "reactors" in operation, 53 in the United States. More than a score of countries have atomic energy commissions.

"Plans for nuclear powered tankers or large bulk cargo vessels were being developed in the United States, France, Japan, Norway, the United Kingdom, the U.S.S.R., and other countries."

Thus "there is a close link between atomic energy and automation." Automatic processes made possible the construction of the nuclear reactors; "in turn, radio-isotopes make possible many of the feed-back devices which are the essential element of one type of automation." "A radio-isotope costing $250 could do the work of $25,000 worth of radium in testing the strength of metals. . . . The annual saving to the industries of the world is incalculable."

Speed of Future Change Unknown

The effect of automation on labor and on social life generally will depend on the rate of speed at which the processes are introduced, and at which they spread industry to industry, and nation to nation. "There would be grounds for grave concern" if the technological processes of the last few years were to be greatly accelerated. We must admit, writes Mr. Morse, "that at the moment we have no real means of knowing how fast the changes will come and how far they will go."

Few informed persons challenge the assumption that automation and other developments will be gradual. "Nor would I do so. Yet in the interests of caution it might be noted that only a few years ago automation and atomic energy were both commonly regarded as practical problems for the next decade, not this one. Things have happened far faster than most qualified observers in both fields expected."

The need, he writes, "is to study what is happening, to try to anticipate the impact in the social field, and to plan ahead to meet without confusion any problems that may arise."

One of the forces accelerating the rate of introduction of automation is "the social demand for higher living standards."

"There are certain clear-cut advantages to industry" in the introduction of automation. One of these is reduction of labor costs. Other advantages are technical. Automation probably makes it possible "to produce better quality goods and to work with constant precision and within narrower specifications."

"Competition among firms and other pressures for industrial efficiency oblige more and more undertakings to introduce automation. Also, the more that is learned about automatic devices, the more uses are devised for them." Recent events demonstrate that automation can be rapidly and effectively applied in the less developed areas.

Impact on Jobs

"So long as improvements are introduced against a background of high levels of economic activity and a continuing rate of economic expansion, the maintenance of the general level of employment is not likely to be a serious problem provided the occupational shifts required to adjust to the changes can be made. . . .

"Past experience shows no reason to believe that tech-

nological innovations lead to a decrease in the global volume of employment.

"In past years most of the industries which have gone the furthest with advanced mechanization and automation have been those in which employment has been expanding considerably. . . .

"On the whole the trend of opinion among employes and trade unions as to the employment situation is optimistic but cautious. . . ."

But particularly among labor leaders "there is an evident fear that things will not go on for ever as they are: that a saturation point may be reached.

"These apprehensions are real and widespread. . . ."

"Wise Policy"

There is wide agreement in industrial and labor circles concerning important aspects of automation, and this agreement can become the basis of wise policy. Among the points of agreement are these: Automatic processes need not create over-all unemployment and do not themselves do so. They create new employment opportunities and new skill requirements. Like all innovations, they cause redistribution of the labor force. They create difficult problems of "transition," and they make it difficult for many workers to secure new employment. They put strains upon systems of social insurance. They increase the serious problems of management, labor, and government agencies, and "impose on each of them new responsibilities and new tasks."

Guiding principles suggested for the long look forward include these: A positive welcome should be accorded to technological innovation. There is need to be prepared for changes in all areas of social policy. The greatest need of all is "reinforcing efforts to promote labor management cooperation in planning, introducing, and carrying through technological changes."

"The principles of cooperation are simple and familiar: to consult together at all stages; to deal in good faith; . . . to divide equitably the benefits of technological improvements; to seek justice in distributing the burden of change; . . . to ensure that government is effectively spreading its net of social protection to care for the casualties of change." Also, to deal generously with all special hardships that arise.

"Technology, after all, is a material force whose use and benefits must be dictated by the social objectives and decisions of the whole community. The social controls which we develop to ensure that it is used in the service of mankind will determine in large part our capacity to dominate the mighty technological forces which we have unleashed."

Social Effects of Automation

"It seems clear that automation, aside from its economic implications, will have profound social effects," writes Bernard Karsh, assistant professor of sociology at the University of Illinois, in an article, "Automation's Brave, New World," in *The Nation*, New York, October 5, 1957. "Just as the industrial revolution—the rise of the factory—impressed its rhythms on society, so the rhythms of automation will give a new character to leisure, to work, and to living.

"Affected will be not only the relation of the worker to his work, but his relations with other workers and with his employers; and, beyond this, significant changes in working hours and a redistribution of factories, in a geographic sense, could set up additional profound pressures on the present patterns of our society.

"Automation is defined in various ways, but it may be summarily defined as the accomplishment of a work task by an integrated power-driven mechanism entirely without the *direct application* of human energy, skill, intelligence or control. Automation is more than simple mechanization, and it is advancing on at least two levels of technology. One level is the so-called *continuous-flow automation* which is typified by machines that replace men's muscles, eliminate physical effort and substitute electricity for manpower, and which are coupled to devices eliminating human judgment in the administration or direction of the control of the machine. This has sometimes been called machines to run machines. The automatic mechanism watches what the machine is doing, makes sure it follows the instructions and automatically corrects mistakes.

"Another phase of automation is sometimes called *business automation*. This is the use of computing and decision-making machines, so-called 'electronic brains,' which hand out administrative, statistical and clerical policies. Conceivably, an entire plant can be operated under the administration of these types of machines. Doing so would involve analyzing sales reports, ordering and checking the flow of materials, scheduling and controlling the operations, making out invoices, recording payments, and so on —all by machine.

"Experiments are now going forward at an increasing rate to combine these two phases into a single computer-run system. Whether this technology is old or new is not relevant for our purpose here. Its most important consequences will be felt and are now being felt as a result of the tremendous pace with which it is being developed and put to use."

Automation may change the "basic composition of the labor force," creating a new "salariat" instead of a proletariat. Automatic processes reduce the number of workers needed in certain factory production, but they increase considerably the number of persons needed "in the processing of information."

With automatic processes available, some managers will not have to be concerned about a large labor force. "There is an impetus toward constructing new plant facilities either on the peripheries of large cities or away from them altogether." "The radio-manufacturing, chemical, and automobile industries are already developing along these lines." Also, some factories may be of smaller size than formerly.

There is a tendency to keep plants running 24 hours a day. "More and more workers may find themselves working odd hours." Friendship patterns may change, and home life become disjointed, when the husband sleeps through the day and works at night.

In the mere watching of lights, dials, gauges, etc., "muscular fatigue is replaced by mental tension." Automation may also require workers who "think of the plant as a whole." This may become a social gain. Certain tools may become professionalized as teamwork is required. Traditional incentive plans may vanish when "a worker's worth can no longer be evaluated in production units."

"A new work morality may arise in place of a morality based on a unit-worth concept . . . worth will be judged on the basis of organization and planning and the continuously smooth functioning of the operation. . . .

"The individual worker loses his importance and is replaced by the team, and greater value is placed on the operating unit as a whole." The traditional individualism of American society may indeed soon be replaced.

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"Recreation in the Age of Automation"

Twenty-seven articles on the general theme of "Recreation in the Age of Automation" appear in *The Annals* of the American Academy of Political and Social Science, Philadelphia, September, 1957 ($2.00 a copy). The editors are Paul F. Douglass, John L. Hutchinson, and Willard C. Sutherland.

Robert W. Tully, of Indiana University, writes on "Religious Organizations" and reports on a workshop in "Recreation for Leaders in Religious Organizations." He has found three attitudes of religious groups toward recreation:

1. "Recreation is no concern of a religious group."

2. "Religion as the central, controlling function of life" should regard recreation critically, sometimes condemning, sometimes approving.

3. "Religion is life; hence leisure and recreation are important parts of that life."

The workshop group reported, among other things, that "recreation has religious value *per se*." Mr. Tully notes that "one of the most healthful trends in religious recreation is the rediscovery of the family—its strength and potential." In camping, he says that "the trend today is to provide conferences for such purpose with camping providing an outdoor living experience under religious leadership."

The scope of the number can perhaps be best stated by quoting Dr. Douglass' Foreword:

"Americans are experiencing a change in the structure of their lives in relationship to the content of time and the pace and values of living. The contemporary leisure mode is rooted in a unique partnership of scientific research, engineering skill, and mass production accelerated by pressure from trade unions. It is characterized by new quantities of *'unsold time,' energies unspent* in the economic process, and *disposable income* above the requirements of the minimum necessities of living. As a result, enjoyments once reserved for a privileged elite are becoming widely distributed. The new concept of man in relation to time gives promise, in an age whose tempo has been quickened by the application of atomic concepts and electronics, of the flowering of a great culture. Already there is emerging a new role for the family, a new concept of neighborhood, a new sense of community, and a new vigor of participation.

"The contemporary intellectual revolution, generally referred to by the technical word, automation, is providing machines which, within their competence, think, feel, and act like men and which, assuming drudgery and monotonous repetitive operations, increase productivity. Within the industrial system a relentless logic necessitates abundance. Leisure, as we experience it, becomes a function of an unseen but very real and enormously fruitful configuration of scientific concepts and theories which overarch and undergird our complex era. This characteristic edifice of our times is as representative of our modern spirit as the Parthenon was an expression of the age of Athens and the Amiens Cathedral a symbol of the Gothic concept of thirteenth century Christianity.

"This volume seeks to provide an introduction toward an understanding of the leisure mode in tomorrow's living. In organization the book divides the discussion into six parts. Part I talks about fundamentals in an attempt to define basic concepts. Part II discusses the movement toward professional leadership and professional standards as the fact of leisure is assimilated into the intellectual, emotional, and spiritual life of our times. In part III the editors present a series of sampling papers to indicate through an examination of some few representative specializations the breadth, depth, and thrust of the leisure mode. Within the evolving profession of recreation there exist a contemporary dedication and zeal for effective performance which can only be compared with the spirit of the Christian missionary movement in the nineteenth century. This concern is especially evident in the areas which the editors have broadly classified as 'therapeutic recreation.'

"Part IV gives three papers on commercial recreation to indicate: the resurgence of participation in a family sport, geographical range and mobility as shown by travel, and a new concept of debt in terms of a budget program for leisure enjoyment. Part V presents two representative case histories in public recreation to emphasize the need for planning, for professional and technical competence in leadership, and above all for the necessity of political literacy and civil courage in the support of recreation policies. The brilliant concluding paper ties together the thinking of the contributors and organizes a working agenda of issues for public and professional discussion. In all, the volume indicates the growth of professionalism in recreation administration, an encouraging development in the reconstruction of philosophy as the factors of leisure and abundance are assimilated into the charters by which men live, and a thrust toward growth, depth, and quality.

"The leisure mode, accompanied by many urgent problems, is taking its place in history. Its pattern stands in the line of evolution from feudalism, based on a stable agricultural society, through industrialism, based on a fruitful if strenuous factory system, to a creative and livable era characterized by freely disposable time and the wherewithal to enjoyment. The opportunity inherent in the promise is provided by the potent productive trinity—the scientist, the engineer, and the industrialist. The realization will depend upon the growth of man in spiritual stature, his competence for inner control, and his good sense and wisdom in pursuing values which his abundance enables him to possess."

Congressional Committee on Automation

The Joint Committee on the Economic Report of the U. S. Congress reported to Congress after holding extensive hearings on automation (84th Congress, November, 1955), and presented the following conclusions, among many others:

"It is clearly wrong to dismiss automation as nothing more than an extension of mechanization. We are clearly on the threshold of an industrial age, the significance of which we cannot predict and with potentialities which we cannot fully appreciate. . . .

"The fact that representatives of organized labor are watchful lest the material gains of automation become the sole objective, without recognizing the individual hardships that may be caused by job losses and skill displacements, ought not to be turned into a charge that labor, as such, is obstructive to new developments.

"Whenever one has been in a position to have witnessed first hand the hardships experienced by the skilled and older worker in any line of endeavor—industrial or professional—suddenly wrenched from the job by the installation of a new machine, or new technology, one can scarcely be unmindful of the inequities which can come about where management and public policy have not given recognition to needs for retraining, relocation, severance

pay, and other programs which tend to soften the transition. . . .

"However much we may welcome the fruits of advancing technology—however optimistic one may be that the problems of adjustment will not be serious—no one dare overlook or deny the fact that many individuals will suffer personal, mental, and physical hardships as the adjustments go forward. . . .

"The best and by far the most important single recommendation which the subcommittee can give is that the private and public sections of the nation do everything possible to assure the maintenance of a good, healthy, dynamic, and prospering economy, so that those who lose out at one place as a consequence of progressive technology will have no difficulty in finding a demand for their services elsewhere in the economy. . . .

"The subcommittee recommends that industry, and management for its part, must be prepared to accept the human costs of displacement and retraining as charges against the savings from the introduction of automation. . . ."

American Labor on Automation

"This is a time of remarkable technical progress. Significant new types of automatic machines and methods—symbolized by the term 'automation'—are being put into use rapidly and widely.

"Labor welcomes these technological changes. The new techniques offer promise of higher living standards for all, greater leisure, and more pleasant working conditions. Yet there are pitfalls as well as promises in the new technology. There is no automatic guarantee that the potential benefits to society will be transformed into reality."

Thus writes George Meany, president of AFL-CIO, in the foreword to a booklet, *Labor Looks at Automation* (Washington, 1956), prepared by the Department of Research, AFL-CIO.

Automation, variously defined, is already widely applied in the United States. "No one can be certain, at present, whether such technological changes will be widely or rapidly introduced within the next ten years or spaced out slowly over decades. . . . But it is clear that automation has had a profound effect wherever it has been applied." For example, one large insurance company installed a computer, plans to run it 60 hours a week, and to dispense with the services of at least 175 persons.

But automation, in the social realm, produces "no automatic answers," Walter P. Reuther is quoted as remarking.

"Positive answers," states the Department of Research, "about the nature, extent, and degree of impact will depend on serious and continuing examination of the problem by government and private groups. It is clear, however, that the widespread introduction of automation in the coming decade or two will have a significant economic and social impact. Even a slower pace of automation may well create dislocations, especially if the national economy fails to expand rapidly enough to minimize disruptive social effects. . . .

"Full employment can be maintained only by sufficient economic expansion each year—based on rapidly growing consumer markets—to provide job opportunities for the increases in the labor force, as well as for workers who would otherwise be displaced by improved technology. But such expansion will not occur without forethought and planning by private and public groups."

Ten questions are posed—and not answered—concerning "basic problems of national scope." Among them are these:

"Will the costs of introducing automation be so great—and the required output so large—as to produce an increased tendency toward concentration of the control of industry? . . .

"Are the schools training a sufficiently large and adequately skilled labor force to operate and maintain an economy that will be increasingly automated? Is the school system prepared to meet this responsibility? . . ."

Will Machines Make Decisions?

The push-button era in military technology is much discussed, and we have reached developments "fantastically beyond the concepts of a decade ago," writes W. H. Pickering of the California Institute of Technology in an article in the *New York Herald Tribune*, January 22, 1958. The considerations are now about not only the missile but also the anti-missile.

The plan of defense is this: "Conceptually, the enemy's missiles are detected en route and the retaliatory missiles are launched even before the enemy missiles have reached the targets. . . . Even after the anti-missile has been perfected, this basic strategy will be maintained."

Certain of the implications are stated in the following paragraphs:

"Now to attain the capability of instant retaliation the military planner finds himself calling for long-range radar devices, elaborate computers to determine if the radar signal is due to an enemy missile, a friendly airplane or a meteor from outer space, and a complex communication network for alerting the targets and for commanding the retaliatory missiles to be launched.

"This is the prospect we face: the decision to destroy an enemy nation—and by inference our own—will be made by a radar set, a telephone circuit, an electronic computer. It will be arrived at without the aid of human intelligence. If a human observer cries: 'Stop, let me check the calculations,' he is already too late, his launching site is destroyed and the war is lost.

"It is a frightening prospect. Far more than being slaves to our machines, our very life depends on the accuracy and reliability of a computing machine in a far distant country. The failure of a handful of vacuum tubes and transistors could determine the fate of our civilization. . . .

"This evolution from the push button era to the automatic push button era is inevitable. And when that day comes all of the 'human' considerations which might stay the hand of a warmonger will mean nothing.

"Is there an answer? With the present political climate it is difficult to imagine what it could be. But if the answer is not found in a very few years, there will be no need for the answer because all that is left of humanity will be starting again the long climb from the stone age."

Critical Review of Collective Bargaining

Both labor and management are in an "untenable" position with respect to others in the community because of the collective bargaining practices that have been prevalent, Harold J. Ruttenberg, president of Stardrill-Keystone Co., Beaver Falls, Pa., said in an address delivered before the National Industrial Conference Board, New York, January 17, 1958. This review is based on text furnished by the Board.

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This untenable position has come from two factors as follows:

"The unions have insulated their members against the debilitating effects of higher prices that follow money wage increases that they negotiate, by insisting on automatic cost-of-living wage increase provisions.

"The auto and steel companies have insulated themselves against the debilitating effects of higher labor costs by raising factory prices and making them stick."

Mr. Ruttenberg was for a time associated with the well-known labor leader, the late Philip Murray, in the United Steel Workers. He is now president of a manufacturing company. He states that some years ago he tried to persuade union leaders to adopt "a dynamic policy of higher pay for more production." He pleads now for a new and fundamental program of collective bargaining based upon productivity. This would require changes of attitude by both labor and management.

Speaking as a manager, he says: "Management can begin to get the unions to change their program of more pay for less work whenever the leaders of industry are prepared to allow the unions and their members to participate with management in the job of increasing productivity."

He calls upon unions to abandon collective bargaining that has become a "razor-sharp instrument for robbing the retired aged, widows and orphans, school teachers, scientists, and all the millions of other Americans who do not enjoy the privilege of having the increases in their cost of living automatically protected by cost-of-living money wage increases." "My position more than a decade ago was that the basic program of the unions was obsolete."

Mr. Ruttenberg thinks that the leaders of industry should propose the following program to their employes and their unions:

"To pay higher wages for more production.

"To provide the maximum capital that our resources permit for the purchase and installation of equipment to increase production.

"To provide the best management that we can develop to manage equipment, materials, and human physical and mental efforts to increase production.

"To organize practical means for all employes to cooperate with management to increase production in such a way as to release the full inherent creativeness of every human being that is a member of our managerial and operating organizations.

"To enlarge existing, and create new, training schools for the dual purpose of (a) operating and maintaining new equipment at maximum production, and (b) retraining for new positions those managerial and operating employes whose old positions have been replaced by new equipment or methods.

"To negotiate with you, through your collective bargaining agencies, a practical measurement of increased production so that we can pay productivity wage increases semi-annually to the extent that production has been increased. This measurement of production shall give the proper weight to the components of increased production. . . .

"To pay one-half of the semi-annual productivity wage increases in direct wages, and to place the other half in a separate fund to increase fringe benefits as shall be negotiated annually with your collective bargaining agencies."

Wages in the Framework of the Economy

"As wages go so goes the whole economy; for security and economic strength we must quickly remedy the wage lag," it is stated in a booklet, *Wages and the Public Interest,* published by the Conference on Economic Progress, 1001 Connecticut Avenue, N.W., Washington 6, D. C. (1958. 50 cents).

"This study is not just about wages. It is about wages in the framework of our whole economy. And it is about our economy in the full view of world events. We in the United States must now take this full view to survive."

From the summary the following paragraphs are quoted:

"The best expert judgment now is that we need at once to enlarge the annual rate of our basic national security efforts by several billion dollars. But even today, the official trend is to scrape along with less than this, on the false ground that we 'cannot afford' what is vital. Equally dangerous is the trend toward paying for the needed missiles and other armaments by short-changing other essential elements in national security. These include research and education, highways and resource development, international economic cooperation, and a sense of economic security and progress at home.

"This study therefore proposes that we at once lift the annual rate of our basic national security outlays by about 3 billion dollars. The study proposes also that we expand very sizeably the annual rate of those domestic public programs upon which our national security in a broad sense depends absolutely. The study demonstrates that if we undertook these changes without tax increases, and even with some economically and socially desirable tax reductions for low-income families, we would still be able to balance the Federal Budget through the restoration of full employment and full production.

"But where would the resources come from to do all of these needed things at once, or to do any of them sufficiently, if our whole economy continues to move downhill, or even stands still? To restore our national security, we must therefore restore our whole economy. We need at once a well-balanced expansion on many fronts to achieve the full employment and full production which can serve us adequately on all fronts. This study defines this needed expansion and how to achieve it.

"Wage trends are closely related to this whole problem. This is because the slowdown of our whole economy during the most recent years, and the current recession, have occurred because wages and consumption have not expanded enough to call forth our full productive ability even if basic national security and other essential programs had been adequate. Wage earners and all consumers would now be willing to make sacrifices, if even full production could not yield enough to meet our enlarged national security needs without such sacrifices. Such a time could come, and then the remedy would be to increase taxes enough to divert enough of full production to the things we need most. But in recent years and down to now, the situation has been just the reverse. We have been 'unable to afford' enough on any front only because we have been weak on all fronts.

"If wages and consumption were now lifted enough to activate our economy fully, total employment and production would become high enough to support the expanded national security and other vital domestic programs set forth above, to support farm restoration and larger business investment, and also to provide rising living standards for wage earners and all consumers. The power of our economic system to do all of these things at once, in proper balance, is the great source of our potential superiority over the totalitarians. But if the growing deficiencies in wages and consumption and the inadequacies of the public programs even now being

proposed officially, force the recessionary economy still lower or prevent its full expansion, we shall find ourselves still less able 'to afford' what we need most."

"Economic Analysis of Labor Union Power"

"The position of labor in the American economy has changed rapidly in the last twenty-five years and economic analysis has not kept up with it," writes Edward H. Chamberlin in a booklet, *The Economic Analysis of Labor Union Power* (1012 14th St., N.W., Washington 5, D. C., American Enterprise Association, Inc., 1958. $1.00). The author is professor of political economy at Harvard University and editor of the *Quarterly Journal of Economics*. He concludes: "Unions today do have too much economic power. When this is the case, the public interest requires that steps be taken to reduce it." The 17,000,000 members of organized labor make up roughly one-third of the nonagricultural working force. But unions are not widespread in "such as retail and wholesale trade, services, finance, and public service." "It is more significant to say that unions today in the United States unquestionably dominate the vital mass production industries, mining, construction, public utilities, communications, and rail and truck transportation."

Considering the thesis popular among trade union leaders concerning the stimulation of economic activity through increased wages, Professor Chamberlin writes:

"One argument rests on the fact that labor (if broadly enough defined, and including families) is a majority of the nation; and, seeming to confound this fact with the democratic principle of majority rule, it identifies the welfare of this majority with the general social welfare. But a redistribution of real income in favor of any group whether a majority or not, nonetheless reduces the share of the others. What more need be said?

"A more subtle line of argument (and one with a hoary history in economic literature) is that receivers of higher wages benefit the rest of the economy by spending them and thus spreading prosperity. Whatever the element of truth or falsity in this proposition, it need only be pointed out that it is equally true (or false) for income received by *any* element of society, and not merely by trade unionists. Whoever receives a higher money income gains relative to others who do not, and there is nothing in the argument to indicate why union laborers any more than anyone else should be chosen to have the agreeable privilege of mysteriously spreading prosperity in this way. . . .

"If wage increases become general, each laborer gains by his own higher money wages and has his gains pared down by the higher money wages of others, as these raise the price of what he buys. If *all* money incomes (including contractual) increased proportionately, clearly the rise in prices would roughly cancel the gains generally, and no one would have a higher *real* income. But since some laborers (and some other elements of society) have more power to raise their money incomes than others (some, such as receivers of contractual incomes, life insurance beneficiaries, pensioners, etc., have zero power), those who have more power gain at the expense of those who have less. The interest of those who gain is hardly to be identified with the whole, if the whole includes also those who lose."

"Those who are really concerned with the lot of the underprivileged in our economy will hardly be impressed with the claims of the trade union sector. Today's underprivileged are to be found elsewhere."

Professor Chamberlin writes that organized labor is able to "influence the product market in a variety of ways directly as well as indirectly through the cost mechanism." In addition to the strike, "there remain organizational and jurisdictional strikes and all manner of pressures against other individuals and firms not parties to a dispute: restriction of output for the purpose of controlling market prices; exclusion from the product market; direct participation in price fixing agreements, etc., etc."

"One of the surprising discoveries about the attitude of the public toward labor is the existence of a general feeling of helplessness—almost fatalism—in the face of labor power. A common attitude is one of resignation —after all, what can you do about it?"

Toward Democracy in Unions

Clark Kerr, president-elect of the University of California, suggests six major ways of achieving greater internal democracy in the trade union movement than obtains at present. Although opposed to "right-to-work" legislation, Dr. Kerr writes that the trend toward compulsory union membership and the growth of one-party rule of unions requires new steps to insure responsiveness on the part of leadership to union membership.

The proposals are contained in a pamphlet entitled *Unions and Union Leaders of Their Own Choosing*, published, 1958, by the Fund for the Republic as part of its studies of the impact of modern institutions on individual freedom and justice, and available on application to the Fund, 60 East 42nd St., New York 17, N. Y.

Hopes for greater democracy in unions, according to Dr. Kerr, rest on:

1. Stimulating greater interest and activity by members in union affairs. "Union memberships are traditionally apathetic except in some crises, and very little can be done about it. Compulsory strike votes proved a farce in World War II and most bargaining issues cannot properly be put to membership vote. But some experiments might be undertaken with the polling of membership opinion, with advisory referenda, and even with the use of television as a way for leaders to reach members since they will seldom come to meetings."

2. Greater professional training of union leaders and development of an "ethic" to guide their conduct. "They might, like city managers, for example, be specifically trained for their jobs and responsible to an elected governing board."

3. Development of a "new faith for the union movement." The new faith "cannot be 'more, more, more, and now.' It cannot be a vision of class conflict. It might lie . . . in the development of unions as a liberating force in industrial society; and this might carry the union leader more into the intellectual and less into the business community."

4. Encouragement of "local autonomy" in the union movement. "Local unions, by their inherent nature, clearly can provide more opportunities for democratic participation by the members than can national unions. Consequently, the more autonomy there is at the local level, the greater the democratic life of the union movement is likely to be."

5. Protection of the use of "union decertification," through which members can exercise an option in favor of another union, or of no union at all. "Such an option will rarely be employed but it should be available."

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6. Development of an effective method of firing union officials by a dissatisfied membership. Such a system could be called "discharge through rebellion." "The two-party system within unions . . . is a historical oddity. . . . The dissatisfied individual and the antagonistic faction must be given an opportunity."

Dr. Kerr declares that four of these six areas "may lend themselves properly to legislation."

Appraisal of Power of Corporations

A. A. Berle, Jr., professor of corporation law at Columbia University, observes that the American economic system presently based on corporate enterprise wields a power which "can enslave us beyond present belief or perhaps set us free beyond present imagination." Some of the largest U. S. corporations, Mr. Berle said, "are units which can be thought of in somewhat the way we have heretofore thought of nations."

Mr. Berle believes that, contrary to classic liberal thinking, the development of immense corporate power "is not the product of evil-minded men. I believe we must try to work with the system. The dangers are obvious, but history cannot usually be reversed." Most of the results of American corporate development, Mr. Berle declares, "are rather surprisingly good."

Mr. Berle, former Assistant Secretary of State, makes these statements in an essay entitled *Economic Power and the Free Society,* published, 1958, by the Fund for the Republic, and available on application from its office at 60 East 42nd St., New York 17, N. Y.

Mr. Berle estimates that about two-thirds of the economic productive assets of the United States, excluding agriculture, are owned or controlled by some 500 corporations and that "in terms of power, without regard to asset positions, not only do 500 corporations control two-thirds of the non-farm economy, but in each of that 500 a still smaller group has the ultimate decision-making power. This is, I think, the highest concentration of [economic] power in recorded history."

For practical purposes, he writes, the control or power element in most large corporations rests in its group of directors and the directors themselves are an "automatic self-perpetuating oligarchy."

Mr. Berle believes that the welfare funds and pension trust funds are an emerging power element in the corporation picture and that pension trust funds will eventually reach seventy to eighty billion dollars, if not more. He writes:

"This will mean that if the pension trusts continue to take the good equities as they have been doing they may well have the prevailing control-stockholding position and the capacity to make it absolute. They will have, say 20 per cent to 30 per cent of the good equity stocks and the capacity to increase that to 40 per cent or 50 per cent (45 per cent for practical purposes is a majority at any big stockholders' meeting)."

So far trustees of pension funds have not exercised their power as voting stockholders but as their holdings increase "the situation cannot last very much longer," Mr. Berle believes.

Control-ownership of major sectors of our corporate economy by the pension trusts would amount to "socializing" property without a revolution, Mr. Berle writes. He declares: "The private property system in production, which began with our great-grandfather's farm and forge, has almost vanished in the vast area of American economy dominated by this system. Instead we have something which differs from the Russian or socialist system mainly in its philosophical content. Under a pure socialist or Communist system, in theory, every worker has an old-age pension at the end of his labors. We are developing the same thing by 'socializing' property without a revolution. It is one of our more amazing achievements. Whether one likes it or not depends on one's philosophy."

Mr. Berle thinks that great corporate power should be exercised in relation to certain obligations:

"1. It should supply the want in the area of its production. Where the community has come to rely on a corporation for steel, oil, automobiles, or cigarettes, the corporation is obliged reasonably to meet that demand. 2. The price must not be considered extortionate. It must be 'acceptable'—which doesn't necessarily mean fair or just. 3. It must provide at least some continuity of employment. 4. It must give a continuing attention to the technical progress of the art."

Legitimacy, responsibility, and accountability to the community and the individual are "essential to any power system if it is to endure," Mr. Berle states.

"Various Matters Related to Community"

A consideration of *The Community of the Future and the Future of Community,* by Arthur E. Morgan, is published by Community Service, Inc. (Yellow Springs, Ohio, 1957. $3.00). Dr. Morgan has previously written on communities, particularly small rural communities. He has been president of Antioch College and chairman of the Tennessee Valley Authority.

Dr. Morgan writes altogether informally about many issues, but he asserts that "there is a certain thread of unity, of aim, though expressed in a variety of moods."

Dr. Morgan feels "that in the nearly universal basic core of the cultural tradition of mankind there are values which are essential to the continuity and health of human society." There are conditions favorable "to the preservation of those essential elements." However, "present-day society is tending, by its very physical organization and structure, to depart from those favorable conditions, with adverse results which are becoming evident, but the reasons which are not generally recognized."

"To some degree the small face-to-face community seems the most promising setting in which to work out this issue and to carry on a desirable way of living.

"In other respects, urban life and the contributions it has made are fundamental.

"It remains to develop a new synthesis of social form, custom, and spirit, which will combine the available values from all sources, and avoid the negative elements we now contend with.

"Such is the theme."

Thus the function of community needs to be re-examined. "May we be simply carrying over past or present ideas into new circumstances for which they are inapplicable? What qualities does urban life have which appeal so generally?" And what can we do about the many-sided process of creating wholesome communities?

Religious fellowships, Dr. Morgan thinks, "should be part of" a "free play of good will and social responsibility." Religion is not an obsolescent element. It has a "normal function of pioneering." Religion may be a pathfinder for the community.